

**COUNTY OF TEHAMA,  
CALIFORNIA**



**SINGLE AUDIT ACT  
REPORTS AND SCHEDULES  
FOR THE YEAR ENDED  
JUNE 30, 2008**

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**COUNTY OF TEHAMA, CALIFORNIA  
SINGLE AUDIT ACT  
FOR THE YEAR ENDED JUNE 30, 2008**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors and Grand Jury  
County of Tehama  
Red Bluff, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Tehama, California (County), as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

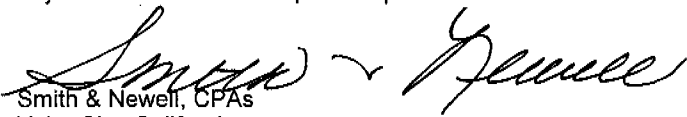
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain other matters that we reported to management of the County in a separate report dated March 18, 2009.

This report is intended solely for the information and use of management, others within the organization, the Board of Supervisors and Grand Jury, and Federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

  
Smith & Newell, CPAs  
Yuba City, California  
March 18, 2009

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Supervisors and Grand Jury  
County of Tehama  
Red Bluff, California

Compliance

We have audited the compliance of County of Tehama, California, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 08-SA-01.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinions on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

To the Board of Supervisors and Grand Jury  
County of Tehama  
Red Bluff, California

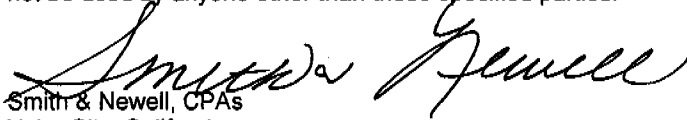
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Tehama, California, as of and for the year ended June 30, 2008, and have issued our report thereon dated March 18, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, others within the organization, the Board of Supervisors and Grand Jury, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.



Smith & Newell, CPAs  
Yuba City, California  
March 18, 2009



**COUNTY OF TEHAMA, CALIFORNIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

<u>Federal Program/Pass Through Program Title</u>	<u>CFDA Number</u>	<u>Federal Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through State Department of Education			
School Breakfast Program	10.553	-	\$ 18,166
National School Lunch Program	10.555	-	33,660
Passed through State Department of Social Services:			
Food Stamps	10.551	-	7,616,144
State Administrative Matching Grants for Food Stamp Program	10.561	-	614,247
Passed through State Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	-	489,558
Passed through State Controller's Office			
Cooperative Forestry Assistance	10.664	-	20,000
Schools and Roads - Grants to Counties	10.666	-	1,049,520
<b>Total U.S. Department of Agriculture</b>			<b>9,841,295</b>
<u>U.S. Department of Defense</u>			
Direct Program:			
Payments to States in Lieu of Real Estate Taxes	12.112	-	204
<b>Total U.S. Department of Defense</b>			<b>204</b>
<u>Department of Housing and Urban Development</u>			
Direct Program:			
Section 8 Housing Choice Vouchers	14.871	-	575,036
Passed through State Department of Housing and Community Development:			
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	05 PTAA 1712	13,750
<b>Total Department of Housing and Urban Development</b>			<b>588,786</b>
<u>U.S. Department of the Interior</u>			
Direct Program:			
Payments in Lieu of Taxes	15.226	-	89,691
<b>Total U.S. Department of the Interior</b>			<b>89,691</b>
<u>U.S. Department of Justice</u>			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC 07180520	127,494
Edward Byrne Memorial Justice Assistance Grant Program	16.738	MS 07060520	172,182
<b>Subtotal 20.106</b>			<b>299,676</b>
Passed through State Office of Emergency Services:			
Crime Victim Assistance	16.575	VW 07120520	52,358
Anti-Gang Initiative	16.744	AG 07010520	30,803
<b>Total U.S. Department of Justice</b>			<b>382,837</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF TEHAMA, CALIFORNIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

<u>Federal Program/Pass Through Program Title</u>	<u>CFDA Number</u>	<u>Federal Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Transportation</u>			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	BHLS-5908(039)	\$ 166,580
Highway Planning and Construction	20.205	BRKS-5908(029)	190,725
Highway Planning and Construction	20.205	BRLO-5908(055)	65,992
Highway Planning and Construction	20.205	BRLOZB-5908(025)	22,414
Highway Planning and Construction	20.205	BRLS-5908(038)	175,752
Highway Planning and Construction	20.205	BRLS-5908(053)	538,050
Highway Planning and Construction	20.205	BRLS-5908(070)	4,448
Highway Planning and Construction	20.205	BRLSZD-5908(031)	73,047
Highway Planning and Construction	20.205	BRLS-5908(066)	4,049,305
Highway Planning and Construction	20.205	BRLO-5908(056)	64,872
Highway Planning and Construction	20.205	BRLO-5908(057)	61,587
Highway Planning and Construction	20.205	HP21L-0769(001)	59,577
Highway Planning and Construction	20.205	HRRRL-5908(074)	11,477
Highway Planning and Construction	20.205	HRRRL-5908(075)	2,147
Highway Planning and Construction	20.205	HSIPL-5908(072)	11,253
Highway Planning and Construction	20.205	HSIPL-5908(073)	3,511
Highway Planning and Construction	20.205	RPSTPL-5908(067)	12,014
Highway Planning and Construction	20.205	SPOA-5908(068)	9,540
Highway Planning and Construction	20.205	STPLH-5908(060)	550,886
Highway Planning and Construction	20.205	BROS-0103(031)	1,598
Highway Planning and Construction	20.205	STPLZ-5908(024)	197,789
<b>Subtotal 20.205</b>			<b>6,272,564</b>
State Planning and Research	20.515	5305	28,403
State Planning and Research	20.515	5311F	5,692
State Planning and Research	20.515	5313B	5,040
<b>Subtotal 20.515</b>			<b>39,135</b>
Formula Grants for Other Than Urbanized Areas	20.509	FTA 5311	238,073
Passed through State Office of Traffic Safety:			
State and Community Highway Safety	20.600	RS0523	5,674
<b>Total U.S. Department of Transportation</b>			<b>6,555,446</b>
<u>U.S. Department of Education</u>			
Passed through State Department of Alcohol and Drug Programs			
Safe and Drug-Free Schools and Communities - State Grants	84.186	SDF 03-04	35,466
Safe and Drug-Free Schools and Communities - State Grants	84.186	SDF 03-41	78,026
<b>Subtotal 84.186</b>			<b>113,492</b>
<b>Total U.S. Department of Education</b>			<b>113,492</b>
<u>Election Assistance Commission</u>			
Direct Program:			
Help America Vote Act Requirements Payments	90.401	07G30301	50,789
<b>Total Election Assistance Commission</b>			<b>50,789</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF TEHAMA, CALIFORNIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

<u>Federal Program/Pass Through Program Title</u>	<u>CFDA Number</u>	<u>Federal Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through State Department of Social Services:			
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	93.087	90CU0018/01	\$ 62,500
Promoting Safe and Stable Families	93.556	-	54,178
Temporary Assistance for Needy Families	93.558	-	9,270,457
Child Welfare Services - State Grants	93.645	-	60,014
Foster Care - Title IV-E	93.658	-	2,435,422
Adoption Assistance	93.659	-	980,239
Social Services Block Grant	93.667	-	147,264
Chafee Foster Care Independence Program	93.674	-	59,089
Passed through State Child Support Department			
Child Support Enforcement	93.563	-	1,119,379
Passed through State Department of Aging:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	-	10,978
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	III C-1 Congregate	77,710
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	III C-2 Home Delivered Meals	86,677
<b>Subtotal 93.045</b>			<u>164,387</u>
Nutrition Services Incentive Program	93.053	-	25,456
Passed through State Department of Health Services:			
Centers for Disease Control and Prevention - Investigation and Technical Assistance	93.283	-	150,021
Medical Assistance Program	93.778	HCPCFC	24,963
Maternal and Child Health Services Block Grant to the States	93.994	CHDP	82,208
Maternal and Child Health Services Block Grant to the States	93.994	CCS	187,804
Maternal and Child Health Services Block Grant to the States	93.994	MCH	115,908
<b>Subtotal 93.778</b>			<u>385,920</u>
Passed through State Department of Mental Health Services:			
Block Grants for Community Mental Health Services	93.958	SAMSHA	191,136
Passed through State Department of Alcohol and Drug Programs:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	SAPT	758,759
Passed through California Secretary of State:			
Voting Access for Individuals with Disabilities - Grants to States	93.617	07G26130	1,584
Passed through State Department of Community Services and Development:			
Community Services Block Grant	93.569	06F-4751	80,422
Community Services Block Grant	93.569	08F-4949	115,870
<b>Subtotal 93.569</b>			<u>196,292</u>
<b>Total Department of Health and Human Services</b>			<u>16,098,038</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF TEHAMA, CALIFORNIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

<u>Federal Program/Pass Through Program Title</u>	<u>CFDA Number</u>	<u>Federal Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
<u>Department of Homeland Security</u>			
Direct Programs:			
Assistance to Firefighters Grant	97.044	EMF-2006-FG-04565	\$ 78,215
State Homeland Security Program (SHSP)	97.073	2007-8	82,479
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	2007-8	17,161
<b>Total Department of Homeland Security</b>			<u>177,855</u>
<b>Total</b>			<u><u>\$ 33,898,433</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF TEHAMA, CALIFORNIA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

**1. REPORTING ENTITY**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the County of Tehama. The County of Tehama reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

**2. BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County and is presented on accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**3. RELATIONSHIP TO FINANCIAL STATEMENTS**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements, federal award revenues are reported principally in the County's financial statements as inter governmental revenue in the General and Special Revenue Funds.

**4. SUBRECIPIENTS**

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County of Tehama provided federal awards to subrecipients as follows:

Federal CFDA	Subrecipient	Amount
84.186	Tehama Department of Education	\$ 89,663
84.186	Duerr Resource	12,078
93.045	City of Red Bluff	307,014
93.959	Tehama Department of Education	6,000
	Total	<u>\$ 414,755</u>

**5. PROGRAM CLUSTERS**

Federal programs, which must be audited together as a program cluster, include the following:

Federal CFDA	Program Title	Federal Expenditures
<u>Food Stamp Cluster</u>		
10.551	Food Stamps	\$ 7,616,144
10.561	State Administrative Matching Grants for Food Stamp Program	614,247
	Total	<u>\$ 8,230,391</u>
<u>Child Nutrition Cluster</u>		
10.553	School Breakfast Program	\$ 18,166
10.555	National School Lunch Program	33,660
	Total	<u>\$ 51,826</u>

**6. PASS -THROUGH ENTITIES' IDENTIFYING NUMBER**

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

**COUNTY OF TEHAMA, CALIFORNIA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

**7. DEPARTMENT OF AGING FEDERAL/STATE SHARE**

Beginning with the fiscal year ended June 30, 2008, the California Department of Aging (CDA) requires agencies who receive CDA funding to display state-funded expenditures discretely along with federal expenditures. The County expended the following state and federal amounts under these grants:

<u>CFDA</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
93.044	\$ 10,978	\$ 10,978
93.045	<u>164,387</u>	<u>164,387</u>
Total	<u>\$ 175,365</u>	<u>\$ 175,365</u>

**8. CALIFORNIA OFFICE OF EMERGENCY SERVICES PROGRAMS**

The following represents expenditures for Office of Emergency Services (OES) programs for the year ended June 30, 2008. The amount reported in the Schedule of Expenditure of Federal Awards is determined by calculating the federal portion (if any) of the current year expenditures.

<u>Program</u>	<u>Expenditures Claimed</u>			<u>Share of Expenditures Current Year</u>		
	<u>For the Period Through June 30, 2007</u>	<u>For the Year Through June 30, 2008</u>	<u>Cumulative As of June 30, 2008</u>	<u>Federal Share</u>	<u>State Share</u>	<u>County Share</u>
<b><u>DC0710520 - Anti-Drug Abuse Enforcement</u></b>						
Personal services	\$ -	\$ 72,244	\$ 72,244	\$ 72,244	\$ -	\$ -
Operating expenses	-	55,250	55,250	55,250	-	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 127,494</u>	<u>\$ 127,494</u>	<u>\$ 127,494</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>MS07060520 - Marijuana Suppression Program</u></b>						
Personal services	\$ -	\$ 99,403	\$ 99,403	\$ 99,403	\$ -	\$ -
Operating expenses	-	27,332	27,332	27,332	-	-
Equipment	-	45,447	45,447	45,447	-	-
Totals	<u>\$ -</u>	<u>\$ 172,182</u>	<u>\$ 172,182</u>	<u>\$ 172,182</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>VW07120520 - Victim Witness Assistance</u></b>						
Personal services	\$ 111,541	\$ 116,452	\$ 227,993	\$ 52,358	\$ 64,094	\$ -
Operating expenses	13,347	4,613	17,960	-	4,613	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ 124,888</u>	<u>\$ 121,065</u>	<u>\$ 245,953</u>	<u>\$ 52,358</u>	<u>\$ 68,707</u>	<u>\$ -</u>
<b><u>AG07010520 - Anti-Gang Initiative Program</u></b>						
Personal services	\$ -	\$ 26,182	\$ 26,182	\$ 26,182	\$ -	\$ -
Operating expenses	-	4,621	4,621	4,621	-	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 30,803</u>	<u>\$ 30,803</u>	<u>\$ 30,803</u>	<u>\$ -</u>	<u>\$ -</u>

**COUNTY OF TEHAMA, CALIFORNIA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

**9. CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION PROGRAMS**

The following represents expenditures for the California Department of Corrections and Rehabilitation programs for the year ended June 30, 2008. The amount reported in the Expenditures of Schedule of Federal Awards is determined by calculating the federal portion (if any) of the current year expenditures.

<u>Program</u>	<u>Expenditures Claimed</u>			<u>Share of Expenditures</u> <u>Current Year</u>		
	<u>For the Period Through June 30, 2007</u>	<u>For the Year Through June 30, 2008</u>	<u>Cumulative As of June 30, 2008</u>	<u>Federal Share</u>	<u>State Share</u>	<u>County Share</u>
<u>CSA 752-07 - Juvenile Probation and Camps Funding</u>						
Salaries and Benefits	\$ -	\$ 230,796	\$ 230,796	-	\$ 230,796	\$ -
Services and Supplies	-	4,304	4,304	-	4,304	-
Totals	<u>\$ -</u>	<u>\$ 235,100</u>	<u>\$ 235,100</u>	<u>\$ -</u>	<u>\$ 235,100</u>	<u>\$ -</u>

**COUNTY OF TEHAMA, CALIFORNIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

**I. SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Status

- |                                                                                  |             |
|----------------------------------------------------------------------------------|-------------|
| 1. Type of auditor's report issued                                               | Unqualified |
| 2. Internal controls over financial reporting:                                   |             |
| a. Material weaknesses identified?                                               | No          |
| b. Significant deficiencies identified not considered to be material weaknesses? | No          |
| 3. Noncompliance material to financial statements noted?                         | No          |

Federal Awards

- |                                                                                                                                        |             |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1. Internal control over major programs:                                                                                               |             |
| a. Material weaknesses identified?                                                                                                     | No          |
| b. Significant deficiencies identified not considered to be material weaknesses?                                                       | No          |
| 2. Type of auditor's report issued on compliance for major programs:                                                                   |             |
| All major programs                                                                                                                     | Unqualified |
| 3. Any audit findings disclosed including those that are required to be reported in accordance with OMB Circular A-133 Section 510(a)? | Yes         |
| 4. Identification of major programs:                                                                                                   |             |
| 10.551           Food Stamps                                                                                                           |             |
| 10.561           State Administrative Matching Grants for Food Stamp Program                                                           |             |
| 93.558           Temporary Assistance for Needy Families                                                                               |             |
| 93.563           Child Support Enforcement                                                                                             |             |
| 5. Dollar threshold used to distinguish between Type A and Type B programs?                                                            | \$1,016,953 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530?                                                      | No          |

**II. FINANCIAL STATEMENT FINDINGS**

None

**III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

CFDA 93.563	08-SA-01
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**COUNTY OF TEHAMA, CALIFORNIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30 2008**

08-SA-01

<b>Name:</b>	<b>CHILD SUPPORT ENFORCEMENT</b>
<b>CFDA #:</b>	<b>93.563</b>
<b>Federal Grantor:</b>	<b>U.S. Department of Health and Human Services</b>
<b>Pass Through Entity:</b>	<b>State Department of Child Support Services</b>
<b>Award No.:</b>	<b>N/A</b>
<b>Year:</b>	<b>2007/2008</b>

**Condition**

During our testing of time certificates under A-87 provisions for the Child Support program, we noted that for one of the employees tested, the time certification was signed by both the employee and supervisor but the percentage of time that the employee worked for the Child Support program was not completed. Therefore, these statements are of little use in complying with the requirements discussed below.

**Perspective**

It appears that one employee neglected to insert the applicable percent in the area which shows the percent of time the Child Support employee worked on the Child Support Enforcement program.

**Criteria**

Direct payroll charges to federal grants for employee time spent on grant functions must be supported with documentation as required by OMB Circular A-97, which provides: "Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications should be prepared at least semi-annually and signed by the employee or supervisory official having first hand knowledge of the work performed by the employee." OMB Circular No. A-87, Attachment B, Section 11(h).

**Effect of Condition**

The completion of time certifications enables the department to establish that its full-time employees do in fact work exclusively on this program in accordance with A-87 standards. Without the periodic time certifications, employee assignments away from federal grant functions might be overlooked.

**Questioned Costs**

We did not question any costs. Child Support employees in this County work 100% on the Child Support Enforcement program.

**Recommendation**

When preparing the semi-annual (or quarterly, in the case of the County of Tehama) time certifications, we recommend that supervisory personnel review the time certifications signed by the employees and make sure that the certification is appropriately completed, signed by the employee and approved by the supervisor. We further recommend that the County remind the Child Support employees of the importance of completing the percentage of time worked on the program in their time certifications.

**Corrective Action Plan**

We will remind the supervisory personnel to review the time certifications signed by the employees and make sure that the certification is appropriately completed. We will also advise the employees of the importance of reporting the percentage of time worked on the program when completing their time certifications and attach an instructional cover sheet on top of the certification when it is handed out.

**COUNTY OF TEHAMA, CALIFORNIA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30 2008**

<u>Audit Reference</u>	<u>Status of Prior Year Audit Findings</u>
07-FS-01	<p><b>CONTROLS OVER FINANCIAL REPORTING (SAS 112)</b>  <b>Year: 2006-2007</b>  <b>Reporting Requirement: Significant Deficiency</b></p> <p><b>Recommendation</b></p> <p>The County may consider the following actions:</p> <ul style="list-style-type: none"> <li>• Provide training opportunities for its accounting staff that would enable them to become more familiar with the general disclosure requirements. This training should include, but is not limited to, the usage of a disclosure checklist, which provides guidance to the financial statements content and whether a necessary disclosure has been overlooked.</li> <li>• Hire an external Certified Public Accountant to confirm that the financial statements and related disclosures are in accordance with GAAP.</li> <li>• Take no action. The County may find that the costs outweigh the benefits to adhere to this standard. No action will continue to result in a significant deficiency in the County's internal controls over the preparation of the financial statements.</li> </ul> <p><b>Status</b></p> <p>In Progress</p>
07-SA-01	<p><b>Name: TEMPORARY ASSISTANCE FOR NEEDY FAMILIES</b>  <b>CFDA #: 93.558</b>  <b>Federal Grantor: U.S. Department of Health and Human Services</b>  <b>Pass Through Entity: State Department of Social Services</b>  <b>Award No.: N/A</b>  <b>Year: 2006-2007</b></p> <p><b>Recommendation</b></p> <p>We recommend that the department review the facts regarding these exceptions and determine whether (1) each is an isolated instance of non-compliance; or (2) procedures might be implemented to prevent recurrence of such errors. If further internal controls can be implemented, we recommend that they be implemented.</p> <p><b>Status</b></p> <p>Implemented</p>
07-SA-02	<p><b>Name: MEDICAL ASSISTANCE PROGRAM</b>  <b>CFDA #: 93.778</b>  <b>Federal Grantor: U.S. Department of Health and Human Services</b>  <b>Pass Through Entity: State Department of Health Services</b>  <b>Award No.: N/A</b>  <b>Year: 2006-2007</b></p> <p><b>Recommendation</b></p> <p>We recommend that the department review the facts regarding these exceptions and determine whether (1) each is an isolated instance of noncompliances; or (2) procedures might be implemented to prevent recurrence of these errors. If further internal controls can be implemented, we recommend that they be implemented.</p> <p><b>Status</b></p> <p>Implemented</p>

**COUNTY OF TEHAMA, CALIFORNIA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30 2008**

<u>Audit Reference</u>	<u>Status of Prior Year Audit Findings</u>
07-SA-03	<p><b>Name:</b> CHILD SUPPORT ENFORCEMENT <b>CFDA #:</b> 95.563 <b>Federal Grantor:</b> U.S. Department of Health and Human Services <b>Pass Through Entity:</b> State Department of Child Support Services <b>Award No.:</b> N/A <b>Year:</b> 2006-2007</p> <p><b>Recommendation</b></p> <p>When preparing the semi-annual time certifications, we recommend that supervisory personnel review the time certifications signed by the employee and make sure that the certification is appropriately completed, signed by the employee, and approved by the supervisor. We further recommend that the County remind the Child Support employees of the importance of completing the percentage of time worked on the program in their time certifications.</p> <p><b>Status</b></p> <p>Partially Implemented. During testing this year we noted one of the employees' time certifications did not have the percentage of time that the employee worked on the Child Support program completed.</p>
07-SA-04	<p><b>Name:</b> CHILD SUPPORT ENFORCEMENT <b>CFDA #:</b> 95.563 <b>Federal Grantor:</b> U.S. Department of Health and Human Services <b>Pass Through Entity:</b> State Department of Child Support Services <b>Award No.:</b> N/A <b>Year:</b> 2006-2007</p> <p><b>Recommendation</b></p> <p>The Child Support Department currently has policies and procedures in effect to ensure that the status is correctly input into the CASES software. We recommend that eligibility management remind the case workers of the importance of correctly designating the status in those few cases where case status is not automatically set by the software.</p> <p><b>Status</b></p> <p>The County has implemented the CSE System on October 1, 2007. Case Function Status is now automatically populated by the CSE system and the County is no longer responsible for maintaining and updating that status.</p>

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**SUPPLEMENTAL STATEMENTS OF  
REVENUE AND EXPENDITURE**

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**COUNTY OF TEHAMA, CALIFORNIA**  
**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURE**  
**CSD CONTRACT NO. 06F-4751 (CSBG)**  
**FOR THE PERIOD JANUARY 1, 2006 THROUGH DECEMBER 31, 2007**

	January 1 through December 31, 2006	January 1 through June 30, 2007	July 1 through December 31, 2007	Totals
<u>Revenue</u>				
Grant revenue	\$ 173,556	\$ 120,097	\$ 53,459	\$ 347,112
Interest income	106	-	-	106
Total Revenue	<u>\$ 173,662</u>	<u>\$ 120,097</u>	<u>\$ 53,459</u>	<u>\$ 347,218</u>
<u>Expenditures</u>				
Administrative Costs:				
Salaries and wages	\$ 23,374	\$ 14,596	\$ 8,967	\$ 46,937
Fringe benefits	10,800	9,792	3,333	23,925
Operating expenses	5,253	4,468	3,844	13,565
Other costs	5,573	-	-	5,573
Total Administrative Costs	<u>45,000</u>	<u>28,856</u>	<u>16,144</u>	<u>90,000</u>
Program Costs:				
Subcontractor services	<u>128,556</u>	<u>64,278</u>	<u>64,278</u>	<u>257,112</u>
Total Program Costs	<u>128,556</u>	<u>64,278</u>	<u>64,278</u>	<u>257,112</u>
Total Expenditures	<u>\$ 173,556</u>	<u>\$ 93,134</u>	<u>\$ 80,422</u>	<u>\$ 347,112</u>

**COUNTY OF TEHAMA, CALIFORNIA**  
**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURE**  
**CSD CONTRACT NO. 07F-4897 (CSBG)**  
**FOR THE PERIOD JANUARY 1, 2007 THROUGH DECEMBER 31, 2007**

	January 1 through June 30, 2007	July 1 through December 31, 2007	Totals
<u>Revenue</u>			
Grant revenue	\$ -	\$ 12,250	\$ 12,250
Total Revenue	<u>\$ -</u>	<u>\$ 12,250</u>	<u>\$ 12,250</u>
<u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ -	\$ -	\$ -
Fringe benefits	-	-	-
Operating expenses	-	-	-
Total Administrative Costs	<u>-</u>	<u>-</u>	<u>-</u>
Program Costs:			
Subcontractor services	-	-	-
Total Program Costs	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**COUNTY OF TEHAMA, CALIFORNIA**  
**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURE**  
**CSD CONTRACT NO. 08F-4949 (CSBG)**  
**FOR THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2008**

	January 1 through June 30, 2008	July 1 through December 31, 2008	Totals
<u>Revenue</u>			
Grant revenue	\$ 144,802	\$ -	\$ 144,802
Total Revenue	<u>\$ 144,802</u>	<u>\$ -</u>	<u>\$ 144,802</u>
<u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 21,628	\$ -	\$ 21,628
Fringe benefits	8,976	-	8,976
Operating expenses and equipment	8,994	-	8,994
Total Administrative Costs	<u>39,598</u>	<u>-</u>	<u>39,598</u>
Program Costs:			
Salaries and wages	3,347	-	3,347
Fringe benefits	1,802	-	1,802
Other costs	71,123	-	71,123
Total Program Costs	<u>76,272</u>	<u>-</u>	<u>76,272</u>
Total Expenditures	<u>\$ 115,870</u>	<u>\$ -</u>	<u>\$ 115,870</u>

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